

misrepresentation issues requiring correction, within Pennsylvania.

- A December 16, 1992 letter by Richard N. Maurer, Senior Vice President, Career Agency Operations of MetLife, directed to the MetLife field force, entitled "Honesty and Integrity: Our Basis For Doing Business", reiterated MetLife's position requiring honest and ethical business conduct, indicating an awareness and concern of corporate MetLife as to practices of the field force.

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## Market Conduct Examination - 93-M02-006 - MetLife

Review of by office FIP Reports for 1991 - Examiner Ralph W. Burnham, 12/06/93

Ofc.	Office	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Yr.
Nr.	Name	90	91	91	91	91	91	91	91	91	91	91	91	91	Avg.
A15	Greensburg Br.	24.4	28.0	25.0	27.5	30.8	27.1	25.6	24.2	24.1	21.3	21.7	21.0	20.8	24.7
A45	Erie E. Br.	15.8	11.7	10.9	16.8	18.1	15.2	14.9	15.7	17.1	17.8	17.1	17.8	17.4	16.3
A55	Erie W. Br.	31.0	31.5	31.1	24.6	25.4	27.2	25.1	22.4	23.6	21.5	20.9	23.7	25.2	27.7
A65	Pleasant Hills Br.	44.5	18.1	32.2	27.9	27.9	30.2	29.0	26.6	25.9	26.1	25.4	25.7	26.2	26.6
A75	McKeesport Br.	26.0	28.5	20.6	21.7	24.2	23.9	23.9	23.3	25.3	25.3	25.3	25.3	25.3	24.6
B45	Mon Valley Br.	21.1	11.1	17.9	12.1	13.2	11.8	11.4	10.2	10.2	10.2	10.2	10.2	10.2	11.5
B55	Washington Br.	21.0	16.8	26.1	27.0	25.0	25.0	20.7	22.0	19.8	18.0	14.7	14.1	12.2	20.2
J15	Monroeville Br.	26.5	27.7	17.0	17.9	17.8	19.5	16.4	19.1	19.1	18.2	18.0	17.2	15.8	18.7
J25	Squirrel Hill Br.	32.3	27.2	36.0	28.8	27.9	29.7	29.4	29.0	29.2	27.2	26.0	26.9	28.9	28.8
J35	Uniontown	68.4	63.1	41.4	56.5	57.6	59.3	58.4	40.7	40.6	44.9	44.8	40.9	43.1	40.5
J55	Laurel Br.	32.8	30.5	26.8	22.8	23.1	24.3	21.7	11.3	22.4	25.2	26.7	27.5	28.8	25.0
L05	New Kensington	38.2	18.4	18.6	17.9	16.3	20.8	21.3	20.8	20.2	18.3	18.8	18.7	18.0	18.4
L15	Penn Hills Br.	14.9	11.7	0.0	6.8	6.7	10.8	11.9	11.2	12.3	11.7	11.4	11.2	10.4	10.3
L75	Beaver Valley Br.	13.8	13.3	10.3	16.4	13.1	14.7	15.4	18.3	15.2	13.8	14.6	14.7	14.6	15.8
L85	Center Br.	27.3	8.3	11.8	10.3	15.0	12.5	12.9	11.1	15.0	14.4	15.6	16.1	16.5	13.3
003	North Hills	21.4	15.8	10.8	11.7	16.0	17.9	18.5	18.8	20.4	21.8	21.6	21.8	21.8	17.9
032	Pittsburgh Co.	28.4	17.7	17.8	14.8	14.5	14.8	18.2	18.8	16.7	16.4	18.3	18.5	16.9	16.4
055	McKeesport						0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
140	N. Allegheny Br.	27.7	30.7	25.0	32.9	31.5	32.5	30.8	29.9	29.5	28.8	28.1	28.1	25.7	29.3
15A	West Hills Br.	15.2	36.0	25.0	37.8	38.2	22.3	20.9	22.6	24.8	24.3	25.0	24.5	24.4	25.0
15A	Chenetta Br.					0.0	14.2	13.3	11.7	10.8	14.2	13.7	15.2	15.3	12.0
25A	Charters Br.	27.2	12.8	18.9	19.6	20.8	18.4	18.4	18.3	18.4	17.1	17.3	18.2	18.9	18.3
310	New Kensington														
448	N. Hills Br.					11.5	10.4	9.5	9.8	10.8	12.6	12.6	12.3	11.2	11.2
448	Enterprise Br.				0.0	40.8	14.7	17.2	14.9	14.1	11.2	11.2	10.2	8.9	14.2
483	East Hills Br.	43.0	35.9	25.8	24.8	24.7	24.7	25.9	26.5	25.1	26.6	24.7	25.0	25.8	25.2
548	Butler Br.					0.0	1.9	3.8	5.1	4.8	5.2	4.5	5.5	5.5	4.0
544	Sharon Br.	32.8	21.4	17.5	24.4	24.2	25.1	21.9	19.8	18.5	18.4	18.2	18.6	20.7	21.2
730	Armstrong Br.														
838	Uniontown Br.											0.0	7.6	11.4	6.3
940	Mt. Lebanon Br.														
945	Butler	22.0	15.9	13.0	8.7	10.2	13.1	14.5	15.6	15.7	15.7	15.9	16.6	16.9	14.2
980	Enterprise SP80	60.0	55.5	50.0	42.8	55.3	61.7	66.6	72.7	72.7	72.7	72.7	78.0	78.9	64.8
	Region FIP Goal	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
	Region Average	27.9	26.8	22.8	20.4	20.4	20.9	20.5	20.7	20.7	20.3	19.7	20.8	20.5	20.1

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Market Conduct Examination - 93-M02-006 - MetLife

Review of by office FIP Reports for 1992 - Examiner Ralph W. Burnham, 12/04/93

Ofc.	Office	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Yr.
Nr.	Name	92	92	92	92	92	92	92	92	92	92	92	92	Avg.
A15	Greensburg Br.	85.7	27.5	17.4	19.2	20.5	16.6	16.5	16.0	15.5	15.5	16.1	15.8	18.4
A45	Erie E. Br.	11.7	9.1	9.1	10.1	10.2	14.9	15.8	16.4	16.6	16.4	16.6	19.4	14.6
A55	Erie W. Br.	50.0	66.6	40.0	33.3	33.3	33.3	33.3	28.5	28.5	25.0	20.0	20.0	34.3
A65	Pleasant Hills Br.													
A75	McKeesport Br.													
B45	Mon Valley Br.	10.7	11.7	11.0	11.9	9.6	11.4	11.7	12.1	12.1	12.1	12.1	12.3	11.6
B55	Washington Br.	5.0	5.4	2.7	2.7	2.6	2.4	2.4	2.4	2.2	2.0	3.1	3.6	2.9
J15	Monroeville Br.	27.2	8.2	9.5	11.9	12.3	10.9	11.6	14.2	14.4	14.5	13.9	13.5	13.6
J25	Squirrel Hill Br.	72.0	90.0	49.5	49.6	44.5	44.0	38.2	41.9	44.4	44.7	35.5	34.2	45.1
J30	Uniontown		75.0	66.6	45.4	40.0	40.0	40.0	38.8	40.0	42.6	42.6	38.2	55.4
J55	Laurel Br.	26.9	24.8	28.4	30.2	31.7	31.8	30.5	29.4	29.4	33.1	34.9	36.4	30.6
L55	New Kensington	4.3	11.4	1.5	17.8	16.3	16.3	16.2	16.7	16.7	16.2	15.6	14.8	14.8
L15	Penn Hills Br.	18.7	11.4	7.6	6.1	6.4	8.1	7.6	6.8	10.4	10.7	9.6	9.6	10.1
L75	Beaver Valley Br.	18.9	23.9	16.1	16.5	16.5	14.1	14.9	14.6	14.8	14.4	14.4	14.4	15.9
L85	Center Br.	50.0	13.0	21.8	23.9	23.5	21.2	19.5	19.8	17.7	18.9	18.0	17.9	21.9
003	North Hills													
032	Pittsburgh So.	21.2	26.1	21.6	23.6	22.8	16.9	20.7	21.8	21.0	20.8	20.4	20.4	22.6
055	McKeesport													
145	N. Allegheny Br.	17.5	17.2	17.8	18.6	18.2	21.8	21.7	21.6	22.0	21.6	20.7	20.3	20.0
15A	West Hills Br.	16.8	5.0	6.1	10.1	10.1	10.2	10.7	11.8	11.2	10.5	10.7	10.4	10.5
16A	Charlottesville Br.	0.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	83.3	33.3	50.0	50.0	72.2
25A	Charlottesville Br.	25.8	25.8	18.2	20.0	17.8	15.8	15.8	14.8	14.7	14.7	15.0	15.4	17.5
310	New Kensington													
348	New Hills Br.	18.8	11.2	12.5	13.3	14.0	12.0	12.8	13.8	13.1	14.0	13.6	12.6	13.3
448	Enterprise Br.		3.1	10.8	11.9	12.7	11.8	12.9	14.2	15.0	16.4	16.3	14.1	12.4
483	East Hills Br.	26.0	14.6	17.8	20.5	20.7	22.8	26.1	24.4	24.3	26.2	25.9	25.4	22.4
548	Butler Br.	6.7	6.3	6.6	4.6	4.2	4.8	4.3	3.9	4.1	3.6	3.6	3.6	4.9
544	Sharon Br.	61.5	16.3	16.8	14.0	13.7	14.1	13.8	13.7	13.0	12.0	10.7	9.6	15.1
730	Armstrong Br.													
858	Uniontown Br.	8.6	15.4	11.2	12.7	11.8	13.5	14.1	14.6	14.4	14.3	14.7	15.7	13.5
84C	Mt. Lebanon Br.							4.1	14.6	15.1	16.6	16.0	19.2	14.5
845	Butler													
89C	Enterprise SP&O													
Region FIP Goal		15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Region Average		23.0	24.2	23.1	22.0	22.5	22.2	21.1	21.8	18.8	18.6	18.0	18.7	21.2

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Market Conduct Examination - 93-M02-006 - MetLife

Review of by office FIP Reports for 1993 - Examiner Ralph W. Burnham, 12/06/93

Ofc.	Office	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Yr.
Nr.	Name	93	93	93	93	93	93	93	93	93	Avg.
A15	Greensburg Br.	45.4	20.6	11.2	20.6	16.5	16.4	16.3	14.6	11.9	19.3
A45	Erie E. Br.	20.8	19.5	15.2	11.7	10.6	8.2	9.0	6.1	6.0	12.3
A55	Erie W. Br.										
A65	Pleasant Hills Br.			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
A75	McKeesport Br.										
B45	Mon Valley Br.										
B55	Washington Br.	20.0	9.2	8.2	7.1	7.6	8.8	9.0	10.4	9.5	10.0
J15	Monroeville Br.	21.0	12.6	6.5	7.6	6.8	7.0	8.9	7.8	7.8	9.5
J25	Squirrel Hill Br.	18.1	19.2	20.8	20.7	21.7	21.7	21.4	22.8	23.1	21.0
J35	Uniontown										
J55	Laurel Br.	100.0	38.3	25.0	14.2	5.9	5.8	5.5	5.5	4.7	22.2
L05	New Kensington	3.3	9.0	7.8	5.1	5.0	5.4	5.2	5.1	5.2	5.8
L15	Penn Hills Br.	6.2	7.2	8.2	8.7	10.5	9.4	8.6	8.4	8.4	9.3
L75	Beaver Valley Br.	33.9	21.8	19.4	19.3	18.2	17.0	16.9	14.1	14.5	19.3
L85	Center Br.	21.7	27.6	19.4	21.5	18.3	16.8	17.9	16.8	17.0	19.7
003	North Hills										
032	Pittsburgh Br.	25.8	18.1	14.2	13.4	12.8	11.2	11.7	13.2	15.1	14.8
055	McKeesport										
105	W. Allegheny Br.	9.2	13.6	10.7	11.2	10.8	10.4	11.1	11.6	12.2	12.6
135	West Hills Br.	18.7	6.8	4.3	5.8	6.0	6.0	6.3	7.0	5.7	7.5
15A	Branbery Br.										
25A	Chadwick Br.	9.3	9.3	8.2	8.2	10.1	9.1	9.3	8.6	8.6	9.1
316	New Kensington								0.0	0.0	0.0
348	No. Hills Br.	8.8	10.8	9.0	11.0	10.1	9.1	8.3	6.2	7.8	9.3
448	Enterprise Br.	10.8	7.8	12.6	12.0	13.6	12.1	11.2	10.4	10.5	11.2
483	East Hills Br.	25.9	25.8	20.8	20.4	23.3	24.0	24.5	26.2	26.3	23.6
548	Butter Br.	18.0	8.0	7.1	6.4	5.9	6.1	5.7	4.9	5.3	6.4
544	Sharon Br.	40.8	20.3	11.0	10.1	9.5	7.8	7.9	7.7	8.1	13.7
730	Armstrong Br.									0.0	0.0
838	Uniontown Br.	28.9	19.8	22.2	23.9	22.4	22.5	28.4	23.5	22.5	23.0
94C	Mt. Lebanon Br.	34.4	27.9	26.9	23.9	21.1	21.0	22.0	26.5	16.8	23.6
945	Butter										
98C	Enterprise SP80										
Region FIP Goal		15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Region Average		24.7	16.1	13.0	12.9	12.1	11.7	11.6	11.1	10.5	12.6

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- AGENT ACTIVITIES -

Based upon the apparent marketing problems involving replacement issues, it was determined a sampling of consumers in the Western Pennsylvania Region would be interviewed in order to obtain a consumer perspective of MetLife marketing activity.

Interviews with MetLife policyholders showed deceptive solicitations being utilized by MetLife sales representatives to induce the replacement of existing insurance or annuities with new policies of insurance.

Consumer perception of solicitations involving the use of existing policy values as a source of funding for new policies resulted in consumers believing they would receive paid-up policies of insurance, or policies which had free or reduced premium benefit aspects. Results of contact with sixty-eight (68) consumers produced the following results:

- The perception of MetLife providing free insurance or special offers was noted on seven (7) occasions.
- The perception of MetLife providing a paid-up policy was noted on eighteen (18) occasions.
- The perception of MetLife offering a higher death benefit policy for little or no additional money was noted on thirty-six (36) occasions.

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Sales representatives utilized illustrations to show policyholders how, by transfer of their existing policy cash values, new policies of insurance would be, or would become, "paid-up." Results of interviews conducted with consumers selected for interview are reflected in the chart contained on the next page.

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Consumer Interviews Subject: Solicitors and representations impacting on lapse, surrender or forfeiture of existing policies of insurance and annuities.

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Consumer Ref	Policy Number	Issue Date	App'd Form	Del Date	Issue Date	Repayment Issue	Solicitation Method	Funds From
FL1	92-111111-1	3/25/92	N	7/22/92	8/1/92	N	4.5	Matured annuity of Met
FL12/6.12	92-111111-2	3/25/92	N	Unk	3/30/92	Y	2.3c	Lapse of Surrender
FL13	92-111111-3	3/25/92	N	8/25/92	3/19/92	Y	2.3bdc	Lapse of Surrender
FL14	92-111111-4	3/25/92	N	8/25/92	5/23/92	Y	6 (1)	Met Annuity Interest
FL15	92-111111-5	3/25/92	N	Unk	4/6/92	Y	2.3aAc	Lapse of Surrender
FL16	92-111111-6	3/25/92	N	Unk	3/31/92	Y	4	Met annuity interest
FL17	92-111111-7	3/25/92	N	Unk	3/23/92	Y	2	Lapse of Surrender
FL18	92-111111-8	3/25/92	N	Unk	3/27/92	Y	2	Lapse of Surrender
FL19	92-111111-9	3/25/92	N	Unk	3/27/92	N	5	Matured annuity of Met
FL110	92-111111-10	3/25/92	N	Unk	3/16/92	Y	3c.5	Lapse of Surrender
FL111	92-111111-11	3/25/92	N	3/17/92	2/24/92	Y	0	Met annuity interest
FL112	92-111111-12	3/25/92	N	Unk	3/23/92	N	4	Inheritance
FL113	92-111111-13	3/25/92	N	12/3/92	12/3/92	Y	5	Lapse of Surrender
FL114	92-111111-14	3/25/92	N	Unk	Unk	Unk	?	From the annuities
FL115	92-111111-15	3/25/92	N	None	8/23/92	N	4	or insurance of brother
FL116	92-111111-16	3/25/92	N	None	7/1/92	N	4	Frank J. Slipper
FL117	92-111111-17	3/25/92	N	8/21/92	8/21/92	Y	5	Lapse of Surrender
FL118	92-111111-18	3/25/92	N	8/14/92	8/14/92	Y	0	Surrender to Met M.Funds
FL119	92-111111-19	3/25/92	N	Unk	11/9/92	Unk	4	\$250K reiss to \$1M
FL120	92-111111-20	3/25/92	N	Unk	5/23/92	Unk	Unk	Unk
FL121	92-111111-21	3/25/92	N	Unk	4/23/92	Unk	Unk	Unk
FL122	92-111111-22	3/25/92	N	Unk	3/2/92	Unk	Unk	Unk

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INFORMATION

Solicitation: 1) To purchase additional rider or add-on to existing policy.

2) To obtain a new policy with greater death benefit, at a cost the same or slightly greater than the cost of the insurance being replaced.

3) Special offer - a) Excess Profits b) Savings by Company due to reduced administrative costs c) Free Insurance.

4) Offset or reduce tax effects.

5) Promise of a paid-up policy with no additional out-of-pocket expense.

6) Promise of a paid-up policy at some future time, with no out-of-pocket expense.



The following case histories, based upon actual consumer interviews, are illustrative of how MetLife's marketing approach was handled, and perceived by consumers.

Case Number 1: Retired male and working wife, ages 61 and 60, purchased a \$500,000.00 Survivorship Whole Life Policy, in reliance upon sales representative's, J. Joel Sherman and Joseph Phillips, statements that two (2) separate payments of about \$37,000.00 would be sufficient to create a policy having a cash value of about \$500,000.00 in ten (10) years. The purchased policy was to be assigned to the couple's children and be a method of estate protection. The couple agreed to make the first \$37,000.00 payment from their non-insurance assets and make the second and final payment upon maturity of an existing MetLife annuity.

Sales illustrations left in the consumer home, combined with policy documents and MetLife notices, offered a bewildering array of information to the couple:

- A Summary illustration showed a total annual payment of \$37,669.13, comprised of \$10,345.00 premium on the basic plan and payment of \$27,324.13 to a Paid Up Additions Rider (PUAR) to purchase \$117,346.00 in paid-up additional insurance.

- A Simplified APP Ledger illustration showed two (2)

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annual payments of \$37,670.00 providing an illustrative cash value at policy year ten (10) of \$125,791.00 and an illustrative death benefit at policy year ten (10) of \$567,932.00.

- An Accelerated Payment Plan illustration showed two (2) annual payments of \$37,670.00, with dividends applied to purchase additional insurance, providing a guaranteed cash value at policy year ten (10) of \$99,000.
- A PUAR illustration showed two (2) annual payments of \$27,324.00 providing no guaranteed cash value at policy year nine (9).
- A Summary illustration showed, for policy year ten (10), a total of \$75,339.00 annual premium paid into the policy, \$25,115.00 in earned annual dividends, and the purchase of \$67,930 in additional insurance, yielding a guaranteed cash value of \$99,000.00 and cash value of additional insurance of \$26,971.00 for a total illustrative cash value of \$125,791.00.
- Illustrations noted that dividends were based on the September 1990 scale, which used current interest, mortality and expense rates, and that illustrative figures were not guarantees or estimates for the future.

The couple accepted delivery of the new policy, which showed an annual life insurance premium of \$11,685.00 and

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initial payment of \$39,000.00 into the PUAR. Illustrations attached to the delivered policy showed a guaranteed cash value at year ten (10) of \$108,000.00 for the basic policy, and guaranteed additional insurance of \$894,044.00 with a cash value of \$382,516.00 through the PUAR. A non-guaranteed PUAR illustration showed a cash value of \$459,359.00 at policy year ten (10), confirming the consumer's understanding of the MetLife sales solicitation.

The couple made actual payments of \$39,774.13 from their non-insurance assets and \$41,964.05 from their MetLife annuity, with the understanding from Joseph Phillips, that they could withdraw the excess paid in at any time without any penalty.

When interviewed, the couple was found to be attempting, with no success, to learn from their MetLife sales representatives the whereabouts of the \$81,738.18 paid into the policy. A MetLife letter had informed them of a payment of \$30,279.05 to a PUAR, and a subsequent PUAR annual statement reflected total payments of \$27,144.13. The total did not equal their payments. They had also received notice of a \$2,105.00 withdrawal from their annuity.

MetLife subsequently informed the Insurance Department that \$2,105.00 was taken from the couple's annuity and applied to the new contract as two (2) month's premium. From the \$39,774.13 payment, a policy fee was paid, \$10,525.00 was applied to the new contract as premium, and \$27,144.13 was paid to the PUAR. From the \$41,964.05 annuity surrender, \$11,685.00 was paid to the second year premium and \$30,279.05 was paid to the PUAR.

The couple's confusion was caused by their thinking in terms of two (2) "payments" while the contract required both premium payment and deposits to the PUAR.

The contract provided for payment of dividends as a non-guaranteed benefit, and a payment of a guaranteed six and one-half percent (6-1/2%) interest on the PUAR. The contract also provided for an expense charge of five percent (5%) on payments to the PUAR.

Given the couple's understanding that they would only be required to make two (2) payments, future annual premium payments for the contract would be taken by MetLife from the cash value of the contract's PUAR and upon exhaustion of the PUAR, would then be taken from the cash value of the contract developed through purchase of additional insurance by dividend earnings.

Since dividends are not guaranteed by MetLife, any solicitation involving a representation of definite future contract performance is misleading. At issue is whether the contract, as solicited or delivered, would allow the contract to function to maturity.

MetLife subsequently informed the Insurance Department that the Survivorship Whole Life policy is a level premium participating (dividend paying) policy providing coverage for two (2) insureds. The death benefit of \$500,000.00 would only be payable upon the death of the second insured. Premiums would be payable to the policy anniversary on which the younger insured attained age 100. The policy, as solicited and sold, would not perform as represented.

Confused by the illustrations, the couple had been reduced to reliance upon the sales representative's statements that the new policy, costing approximately \$74,000.00, would be in place for their lifetimes and would protect and convey their estate to their children.

Case Number 2: A widowed female, age 66, purchased a \$500,000.00 Flexible Premium Life Policy in order to protect her assets and provide for her daughter, agreeing to pay \$50,000.00 from surrender of her MetLife annuity, relying upon sales representatives J. Joel Sherman and

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M9371

M129779220060

Mary DeCaria's statements that the policy would not require further payment. The application did not reflect a replacement situation.

The woman accepted delivery of the new policy, which reflected an annual premium payment of \$12,730.00. The illustration included with the policy, reflected a guaranteed cash value of \$1,820.01 in year ten (10) and an illustrative cash value of \$106,082.54 based on an illustrative rate of 7.45%. The woman then paid the proceeds of her entire MetLife annuity totaling \$61,253.56, into the new contract since she was given the understanding by MetLife sales representatives she could withdraw the \$11,253.56 excess at any time.

The delivered contract showed that withdrawal charges ranged from \$11,000.00 in policy year one (1) to \$1,000.00 at policy year fifteen (15). Withdrawal of the "excess" paid into the contract could not have been accomplished without cost until policy year sixteen (16).

MetLife informed the Insurance Department that the annuity was surrendered and, after a three percent (3%) surrender charge, paid \$61,253.56 by check to MetLife. Payment of \$61,253.56 was made to the new contract, with an expense charge of 4% taken by MetLife, and net deposit of \$58,803.42 made to the policy accumulation fund.

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M129779220061

MetLife's procedures are such that expense charges on replacement business are waived if a loan or surrender is taken of an existing policy at the time of issue or within six (6) months of issue of the new policy. The woman's application, as completed by MetLife sales representatives, did not indicate replacement of an annuity was intended in conjunction with the sale of the new policy.

At issue is whether the policy, given only a single payment of \$50,000.00, would perform as represented. MetLife subsequently informed the Insurance Department that the policy, with a single payment of \$61,253.56, would not remain in force as intended by the insured.

Case Number 3: A married man, age 61, planning for his retirement, agreed to purchase a \$25,000.00 Life to 95 Policy with a \$45,000.00 "rider," relying upon the statements of MetLife sales representatives James Crooks and Alan Corn, that surrender of five (5) existing MetLife insurance policies would be sufficient to obtain the new policy without further cost.

Replacement was not indicated on the application by MetLife sales representative James Crooks, who took three (3) existing policies for surrender. The MetLife sales representatives left two (2) policies in the applicant's

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M129779220062

home, to remain in force until annual dividends were paid by MetLife. Upon MetLife's payment of dividends by check to the insured, the sales representatives collected the dividends for payment on the new policy.

The insured accepted delivery of the new policy in reliance upon sales solicitation assurances that the new policy would provide a \$25,000.00 face benefit and an additional \$45,000.00 benefit through a rider, completely funded by cash values of the five (5) previous policies, without any further payment. The insured's belief that there was no further cost was confirmed, when his \$118.00 paid with the application for the new policy was "refunded" to him by the MetLife agent.

MetLife subsequently informed the Insurance Department that while the new policy was issued in August 1992, surrender of the three (3) policies occurred in March and May 1993. Of the two (2) remaining policies, one (1) was surrendered in October 1993 and the other remains in force with a cash value of \$2,697.78. The issued contract was amended to require annual premium payments of \$1,814.75. The total amount paid into the PUAR of the contract was \$7,414.64.

The conduct of MetLife sales representatives was such as to allow a conclusion that replacement activity was



concealed through falsification of application and delay of policy surrenders. Given the annual premium cost of the Life to 95 policy of \$1,814.75, and surrender of the remaining policy for payment toward the new policy, the concern was whether the new contract would perform as represented. MetLife subsequently informed the Insurance Department that the contract would not have sufficient value to remain in force as intended by the insured, without any further payments.

Case Number 4: A married male, age 52, planning for his retirement, discussed the purchase of a \$100,000.00 Flexible Premium Life Policy with MetLife sales representatives J. Joel Sherman and Theodore Stavrakis who proposed using the cash values from an existing \$25,000 policy to fund the new policy.

The insured, was currently paying \$65.25 per month for a \$25,000.00 policy and understood from the MetLife sales representatives that by applying the existing policy's cash value toward the new policy, the new required premium payment would be \$65.25 per month, the same as he was currently paying. Being reluctant to commit to the purchase, the insured was asked, and agreed, to undergo a medical examination to determine if he would be eligible for the higher benefit policy.

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M129779220064

A new \$200,000.00 Flexible Premium Life Policy was delivered instead of the \$100,000 policy originally discussed. The insured was told the \$200,000.00 benefit had been offered by MetLife as a result of the insured's excellent examination results. Acceptance of the new policy was agreed to in reliance upon the MetLife sales representative's statements that the \$175,000.00 in increased benefit, over and above the original \$25,000, would be without any increase in premium cost.

The proposed replacement of the existing policy was not disclosed on the application for the new policy. The new policy was issued in March 1992, with dividends being taken from the older policy in March 1992 and full surrender delayed until August 1993.

MetLife subsequently informed the Insurance Department that the cash values transferred from the existing policy, plus premium payments equal to \$65.25 per month, would not be sufficient to allow the new policy to remain in force as intended by the insured.

Case Number 5: A Married couple, agreed to purchase a \$175,000.00 Flexible Premium Life Policy insuring the husband, age 49. The couple agreed to surrender two (2) existing policies of insurance and apply the surrender values to the new policy, in reliance upon MetLife sales

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M129779220065

representatives J. Joel Sherman and Theodore Stavrakis' statements that MetLife had excess profits which it wished to return to its customers in the form of free insurance. The couple understood the new policy, upon surrender of the existing policies, would require a quarterly payment of \$579.50.

The couple accepted delivery of a \$250,000.00 Flexible Premium Life Policy. The explanation provided by the MetLife sales representative was that the \$250,000.00 benefit would reduce to \$175,000.00 in one (1) or two (2) years, ending their free benefit. The couple also understood the \$175,000.00 benefit would be paid-up after a certain period of time, through their quarterly payment of \$579.50.

MetLife subsequently informed the Insurance Department that the cash value of the existing policy, plus quarterly payments of \$579.50, would not be sufficient to allow the new policy to remain in force as intended by the insured, nor would it allow the policy to become paid-up at any point in time.

Case Number 6: A married male, age 46, planning for retirement, agreed to purchase a \$200,000.00 Flexible Premium Life Policy which was to be paid through surrender of two (2) existing policies plus a premium payment

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M129779220066

slightly more than the \$60.00 monthly which was currently being paid on existing policies.

It was the insured's understanding that the increased death benefit would be with little or no additional premium cost due to an offer being made to long time MetLife customers and was possible through savings realized by MetLife due to reduced administrative costs. In reliance upon the statements of MetLife sales representative Joseph Phillips, the insured accepted delivery of the new policy, believing the policy required payment of only \$60.00 per month to policy anniversary at age 95.

MetLife subsequently informed the Insurance Department that the cash value of existing policies, plus monthly payments of \$60.00, would not be sufficient to allow the new policy to remain in force as intended by the insured.

In the preceding case histories, soliciting MetLife sales representatives had denied replacement on the applications, and did not disclose the proposed surrender or use of existing insurance or annuities. Other noted irregularities were:

- Policies were either removed from customer homes or were left with insureds, with instructions to discard the policies.

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M129779220067

- Sales representatives informed customers that existing policies were to be left in place until policy anniversary, and not immediately surrendered, in order to earn dividends.
- Insureds were instructed to disregard MetLife annual premium or lapse notices, which were explained by MetLife sales representatives as computer errors.
- MetLife checks for values taken from existing policies were routed through consumer homes in attempts to conceal replacement activity in conjunction with the sale of a new policy.
- Policies were not countersigned or dated at delivery in three (3) of the six (6) cited cases. Where delivered policies had been countersigned and dated at delivery, two (2) of the three (3) cases showed untimely delivery.

**- FINDINGS AND CONCLUSIONS -**

The observed pattern of deceptive solicitations and concealed replacements by MetLife sales representatives appears to have been for the purpose of increasing their commissions. Replacement solicitations were such as to cause policyholders, directly or indirectly, to believe that by using their existing policy values to purchase new insurance they were to receive paid-up policies, free coverage, or increased coverage at little or no additional cost.

VIII. SALES AND ADVERTISING

- AGENT SALES PRACTICES -

In order to assess the marketing practices utilized by MetLife sales representatives during the experience period, review was made of their sales methods and advertising materials. The following marketing practices and procedures were utilized by MetLife sales representatives.

Point of Sale Illustrations: (see pages 63 - 68)

Example: A proposed policy illustration (see page 63) dated 2/25/97, for a \$50,000.00 FlexLife Premium Life policy, showing a single payment of \$2,260.00 was used during a MetLife sales solicitation.

The illustration was used to support a sales solicitation for a paid-up policy, and clearly depicted a proposed single payment of \$2,260.00 and the face amount benefit of the policy. The illustration also identified both the MetLife sales representative William R. Sabo, and MetLife.

The illustration depicted an illustrative rate of 7.45% and a guaranteed rate of 4.0%, without further disclosures. While the illustrative rate column steadily

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M129779220069

gained in surrender value, the guaranteed rate column ceased to have a surrender value at policy year twenty-three (23). Disclosures were lacking as to withdrawal charges, performance at illustrative rates between 4.04 and 7.454, and expense charges.

Consumer concerns over the performance of the promised paid-up policy were answered, and the sales solicitation reinforced, with a written assurance from MetLife sales manager John P. Lewis (see page 45). MetLife subsequently advised the consumer the policy would not become paid-up and refused to honor the oral and written assurances and representations provided by the MetLife agent.

Use of this type of illustration, depicting future performance based only upon "current interest" rates, by MetLife sales representatives has the effect of misleading consumers. Stating future performance, based upon anything other than guaranteed rates, has the effect of implying a guarantee.

While MetLife may have expected their sales representatives to explain guaranteed rates, as compared to current or projected rates, it is not inconceivable that MetLife representatives would dwell on, or the consumer would focus upon, the illustrative rates. In this particular case, the illustrated rate of 7.454 in

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M129779220070



February 1992 was held at issue of the policy in March 1992, but then declined to 7.2% in April 1992. The rate then fell to 6.25% as of policy anniversary in March 1993.

Example: An insurance proposal (see page 66), in the form of a typed comparison of existing and proposed insurance, was used during a sales solicitation which promised a higher death benefit policy through the use of existing policy values and continued premium payment at a rate of \$65.25 per month. The MetLife sales representative J. Joel Sherman and MetLife were both identified on the sales proposal.

The proposal identified only the existing policy's face amount and monthly premium, while failing to disclose the cash value of the policy, the policy's benefits as to satisfaction of contestability and suicide clause, or the manner in which the values of the policy were to be taken and any charges or the consequences involved in such transaction. The proposed policy was identified only as "Insurance Protection", without identification as to policy type or form number, or statement of premium cost. The proposal also contained an assumption that a disability waiver rider would be taken and did not disclose, or identify the feature as being optional, or the cost associated with the rider.

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M129779220071

The proposal depicted the "Current Interest" as 7.50% without any further disclosures. Tax implications of the proposed transaction were limited solely to the statement that "Interest Earned is: Tax Deferred".

The consumer's later request for a policy illustration, after being unable to locate any illustration after departure of the MetLife sales representative, was responded to with a policy illustration for a \$200,000.00 Flexible Premium Life policy which reflected a 7.45% illustrative rate. Annotations contained on the illustration indicate the discussion focused only on the illustrative rates (see page 67).

Example: An insurance proposal (see page 68), was used during the solicitation of a higher death benefit policy having a "free" insurance benefit.

The typed proposal, while identifying both MetLife sales representative J. Joel Sherman and MetLife, failed to fully explain the benefits of the existing insurance. The proposal also failed to fully identify and make proper disclosures concerning the proposed insurance.

PENNSYLVANIA

MTFQ000000479765

PREPARED FOR [REDACTED] BY RANDY SABO  
 PLAN: FLEXIBLE-PREMIUM LIFE  
 CLASSIFICATION  
 ASSURED: STANDARD NONSMOKER

AGE 25  
 SEX FEMALE

SPECIFIED FACE  
 AMOUNT: \$50,000

DEATH BENEFIT OPTION A  
 MODE OF PREMIUMS:  
 ANNUAL

METROPOLITAN TRANSFER AMT: 785

NO OF POLICY YEAR	PLANNED PREM PAYABLE/ WITHDRAWAL (-) DURING YEAR	SPECIFIED FACE AMOUNT	ILLUSTRATIVE# 7.451		GUARANTEED 4.001	
			SURRENDER VALUE	DEATH BENEFIT	SURRENDER VALUE	DEATH BENEFIT
	2,260	50,000	1,883	50,000	1,846	50,000
	0	50,000	1,932	50,000	1,818	50,000
	0	50,000	1,983	50,000	1,788	50,000
	0	50,000	2,034	50,000	1,753	50,000
	0	50,000	2,094	50,000	1,716	50,000
TOTAL	2,260					
	0	50,000	2,206	50,000	1,724	50,000
	0	50,000	2,267	50,000	1,679	50,000
	0	50,000	2,334	50,000	1,628	50,000
	0	50,000	2,405	50,000	1,573	50,000
	0	50,000	2,478	50,000	1,512	50,000
TOTAL	2,260					
	0	50,000	2,605	50,000	1,493	50,000
	0	50,000	2,687	50,000	1,416	50,000
	0	50,000	2,769	50,000	1,329	50,000
	0	50,000	2,858	50,000	1,229	50,000
	0	50,000	2,951	50,000	1,116	50,000
TOTAL	2,260					
	0	50,000	3,054	50,000	1,037	50,000
	0	50,000	3,154	50,000	893	50,000
	0	50,000	3,256	50,000	730	50,000
	0	50,000	3,359	50,000	549	50,000
	0	50,000	3,505	50,000	348	50,000
TOTAL	2,260					
	0	25,000	3,651	25,000	220	25,000
	0	25,000	3,805	25,000	81	25,000
	0	25,000	3,969	25,000	0	0
	0	25,000	4,144	25,000	0	0
	0	25,000	4,329	25,000	0	0
TOTAL	2,260					
	0	25,000	4,527	25,000	0	0
	0	25,000	4,736	25,000	0	0
	0	25,000	4,958	25,000	0	0
	0	25,000	5,192	25,000	0	0
	0	25,000	5,441	25,000	0	0
TOTAL	2,260					
	0	25,000	5,703	25,000	0	0
	0	25,000	5,981	25,000	0	0
	0	25,000	6,275	25,000	0	0
	0	25,000	6,584	25,000	0	0
	0	25,000	6,911	25,000	0	0
TOTAL	2,260					

METROPOLITAN LIFE INSURANCE COMPANY

2/25/92

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M129779220073

## PENNSYLVANIA

PREPARED FOR [REDACTED] BY RANDY SABO

END OF POLICY YEAR	PLANNED PREM PAYABLE/ WITHDRAWAL(-) SPECIFIED		ILLUSTRATIVE@ 7.45%		GUARANTEED 4.00%	
	DURING YEAR	FACE AMOUNT	SURRENDER VALUE\$	DEATH BENEFIT	SURRENDER VALUE\$	DEATH BENEFIT
36	0	25,000	7,254	25,000	0	0
37	0	25,000	7,613	25,000	0	0
38	0	25,000	7,988	25,000	0	0
39	0	25,000	8,380	25,000	0	0
AGE 65	0	25,000	8,790	25,000	0	0
TOTAL	2,260					
41	0	25,000	9,212	25,000	0	0
42	0	25,000	9,652	25,000	0	0
43	0	25,000	10,113	25,000	0	0
44	0	25,000	10,596	25,000	0	0
45	0	25,000	11,103	25,000	0	0
TOTAL	2,260					
46	0	25,000	11,628	25,000	0	0
47	0	25,000	12,177	25,000	0	0
48	0	25,000	12,747	25,000	0	0
49	0	25,000	13,339	25,000	0	0
50	0	25,000	13,950	25,000	0	0
TOTAL	2,260					
51	0	25,000	14,583	25,000	0	0
52	0	25,000	15,238	25,000	0	0
AGE 70	0	25,000	15,919	25,000	0	0
54	0	25,000	16,630	25,000	0	0
55	0	25,000	17,373	25,000	0	0
TOTAL	2,260					
56	0	25,000	18,147	25,000	0	0
57	0	25,000	18,942	25,000	0	0
58	0	25,000	19,764	25,000	0	0
59	0	25,000	20,615	25,000	0	0
60	0	25,000	22,116	25,000	0	0
TOTAL	2,260					
61	0	25,000	23,444	25,000	0	0
62	0	25,000	24,966	26,214	0	0
63	0	25,000	26,585	27,914	0	0
64	0	25,000	28,296	29,711	0	0
65	0	25,000	30,101	31,606	0	0
TOTAL	2,260					
66	0	25,000	32,001	33,601	0	0
67	0	25,000	34,065	35,428	0	0
68	0	25,000	36,315	37,404	0	0
69	0	25,000	38,776	39,551	0	0
AGE 95	0	25,000	41,510	41,510	0	0
TOTAL	2,260					

M9371

METROPOLITAN LIFE INSURANCE COMPANY

2/25/92

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M129779220074

REDACTED  
CONFIDENTIAL  
POLICYHOLDER  
INFORMATION

Metropolitan Life Insurance Company  
8150 Perry Highway, Suite 101, Pittsburgh, PA 15237  
(412) 367-5900



John C. Lewis  
Branch Manager

Registered Representative  
Leaders Conference  
Management Leaders Conference

Re: Notice of Paid-Up Policy #92 [REDACTED]

Dear Ms. [REDACTED]

As required by your policy illustration, there must be a total of \$2260.00 deposited into your policy to be paid-up. As shown in the breakdown below, you have met these requirements as of March 20, 1992 and now have a paid-up policy with no other premiums to be paid. Please disregard the planned premium amount on page three of the policy as this is no longer valid because of the deposits you have made.

Policy #925 101 836 01

Payment  
\$0.00  
\$812.48  
\$1355.00

Date

2/25/92 check #5091  
3/5/92 transfer amount  
3/20/92 check #160

\$2260.48

Please keep this notice with your policy. If you have any questions or concerns, please feel free to call.

Sincerely,

John C. Lewis  
Branch Manager

April 29, 1992

JCLdp

Life/Health/Annuities

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M9371

M129779220075

REDACTED  
CONFIDENTIAL  
POLICYHOLDER  
INFORMATION

Metropolitan Life Insurance Company  
2551 Washington Road, Suite #620 Upper St. Clair, PA 15241  
(412) 631-0268

 **Metropolitan Life**  
AND AFFILIATED COMPANIES



**J. Joel Sherman**  
Senior Sales Representative



Member Hall of Fame  
President's Council  
Life Member  
7 Times Quotidian  
Million Dollar Round Table  
Life Member  
National Quality Award  
3 Times Quotidian

#### PRESENT PROGRAM

Policy Number:  
Plan:  
Amount:  
Total Premium:

78 [REDACTED] A1  
WI [REDACTED]  
\$5,000.00  
65.25/Month

#### PROPOSAL

Insurance Protection:  
Withdrawal Provision:  
Collateral Assignment Provision:  
Current Interest:  
Interest Earned In:

\$100,000.00  
Included  
Included  
7.50%  
Tax Deferred

M129779220076

Life/Health/Annuities

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M927:

Notice: Production and Use Subject to Case M129779220076  
Orders to MDL No. 1091 United States Dist. Ct.

PENNSYLVANIA 000000

MTFQ00000156100F

PREPARED FOR MR. [REDACTED] BY  
 PLAN: FLEXIBLE-PREMIUM LIFE  
 CLASSIFICATION  
 INSURED: STANDARD NONSMOKER AGE 52 SEX MALE

SPECIFIED FACE  
 AMOUNT: \$200,000

DEATH BENEFIT OPTION A

MODE OF PREMIUMS:  
 ANNUAL

2470 [REDACTED]

END OF POLICY YEAR	PLANNED PREM PAYABLE/ WITHDRAWAL(-) DURING YEAR	SPECIFIED FACE AMOUNT	ILLUSTRATIVE SURRENDER VALUE 7.45%	DEATH BENEFIT	GUARANTEED SURRENDER VALUE 4.00%	DEATH BENEFIT
1	10,000	200,000	5,800	200,000	5,529	200,000
2	780	200,000	6,451	200,000	4,838	200,000
3	780	100,000	7,704	100,000	5,167	100,000
4	780	100,000	8,995	100,000	5,413	100,000
5	780	100,000	10,326	100,000	5,566	100,000
TOTAL	13,120					
6	780	100,000	11,703	100,000	5,614	100,000
7	780	100,000	13,132	100,000	5,546	100,000
8	780	100,000	14,615	100,000	5,345	100,000
9	780	100,000	16,156	100,000	4,987	100,000
10	780	100,000	17,749	100,000	4,446	100,000
TOTAL	17,020					
11	780	100,000	19,376	100,000	3,687	100,000
12	780	100,000	21,037	100,000	2,673	100,000
13	780	100,000	22,720	100,000	1,360	100,000
14	780	100,000	24,379	100,000	0	0
15	780	100,000	26,235	100,000	0	0
TOTAL	20,920					
16	780	100,000	27,821	100,000	0	0
17	780	100,000	29,271	100,000	0	0
18	780	100,000	30,680	100,000	0	0
19	780	100,000	32,092	100,000	0	0
20	780	100,000	33,046	100,000	0	0
TOTAL	24,820					
21	780	100,000	34,062	100,000	0	0
22	780	100,000	34,913	100,000	0	0
23	780	100,000	35,545	100,000	0	0
24	780	70,000	37,260	70,000	0	0
25	780	70,000	39,001	70,000	0	0
TOTAL	29,720					
26	780	70,000	40,772	70,000	0	0
27	780	70,000	42,590	70,000	0	0
28	780	70,000	44,469	70,000	0	0
29	780	70,000	46,428	70,000	0	0
30	780	70,000	48,494	70,000	0	0
TOTAL	32,620					
31	780	70,000	50,713	70,000	0	0
32	780	70,000	53,153	70,000	0	0
33	780	70,000	55,902	70,000	0	0
34	780	70,000	59,089	70,000	0	0
35	780	70,000	62,891	70,000	0	0
TOTAL	36,520					

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METROPOLITAN LIFE INSURANCE COMPANY

2/03/92

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REDACTED  
CONFIDENTIAL  
POLICYHOLDER  
INFORMATION

Metropolitan Life Insurance Company  
2551 Washington Road Suite #820 Upper St. Clair PA 15241  
(412) 831-0268

Approved Representative  
President's Conference  
Leaders Conference  
Minor Order Route Tour  
National Quality Award  
Management Leaders Conference



Metropolitan Life  
AND AFFILIATED COMPANIES



J. Joel Sherman  
Senior Sales Representative

Member Hall of Fame  
President's Council  
Life Member  
3 Times Quindec  
Minor Order Round Table  
Life Member  
National Quality Award  
3 Times Quindec



Theodore N. Stavakis  
Branch Manager

2551 Washington Road Suite 820  
Upper St. Clair PA 15241  
(412) 831-0257

#### PRESENT PROGRAM

Policy Number:  
Plan:  
Amount:  
Total Premium:

74 [REDACTED] A  
Whole Life  
\$ 20,000.00  
\$ 120.00/Year

Policy Number:  
Plan:  
Amount:  
Total Premium:

84 [REDACTED] PR  
Life 95  
\$ 25,000.00  
\$ 579.50/Year

#### PROPOSED

Insurance Protection  
Withdrawal Provision  
Collateral Assignment Provision:  
Current Interest:  
Interest Earned Is:

\$125,000.00  
Included  
Included  
7.45%  
Tax Deferred

#### SUMMARY

Total Insurance Protection:  
Survivor Income:

\$175,000.00  
\$ 1,500.00/Month

Life/Health/Annuities

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49377

M129779220078

Notice: Production and Use Subject to Case Management and Protective  
Orders in MDL No. 1091 United States Dist. Ct.

Delivered Policy Illustrations: (see pages 73 - 84)

Example: Flexible Premium Life policies (7UL-96) were delivered bound into a protective cover. Included in each bound document was a cash value illustration page (see page 73). The illustration clearly showed yearly premium payments, which gave no true reflection of the premium payment, cash values, or policy performance as proposed by MetLife sales representatives and agreed to by the policyholder.

It was noted the illustration reflected a yearly premium payment, however, the policyholder had been solicited, and agreed to make a single deposit, for a paid-up policy. In this case, the amount actually contributed by the policyholder from surrender of a MetLife annuity, was in excess of \$61,000.00, although the initial sales solicitation had been based upon \$50,000.00 premium payment. The illustration, while noting that projected results of the insurance program would vary, offered only the admonition "Read your policy and this statement very carefully" as a disclosure.

Example: A cover letter by MetLife Financial Planner, Richard Antonino, with numerous illustrations (see pages 74 - 84) was provided with delivery of a Life to 95 policy, insuring the life of a policyowner's daughter

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(insured) which was solicited through the promise of a paid-up policy after payment of \$14,000.00 (\$2,000 per year for a period of seven (7) years).

The cover letter contained a stated assumption of payment for the Life to 95 policy which would utilize proceeds from the policyowner's own policy, upon death of the policyowner, should such occur prior to completing payments for the seven (7) years required for the daughter's retirement plan. The contractual basis for such transaction was not evident.

Also contained in the cover letter was that appeared to be an implicit statement of retirement benefit and lifetime income to the insured at age 65, without disclosing that such values were based on non-guaranteed assumptions. The payments, totaling \$14,000.00 in premiums, were referred to as an "investment." The insurance policy was described as a "base retirement plan" and an "Executive Retirement Plan." It was clearly implied that payment of \$14,000.00 over the "next seven years" would be sufficient to complete the "plan." The Life to 95 policy proposal also relied upon projected future performance and payment of dividends by MetLife. MetLife does not guarantee the payment of dividends.

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Supporting the cover letter which accompanied the delivered policy were two (2) pages, one captioned "Individual Retirement Benefit (I.R.B.) v.s. Individual Retirement Account (I.R.A.) - Certificate of Deposit (C.D.)" and the other captioned "Metropolitan Investment Program". The captioned pages represented the Life to 95 policy as an "investment" and a "savings" program. It was falsely stated there was no "penalty for early withdrawal" and that the I.R.B. provided a "9 to 12% Long Term Rate of Return". MetLife subsequently informed the Insurance Department that based upon the current values, as of December 1992, the policy would require additional premium payments for eight (8) years in order to reach a point where it would become self-supporting.

- FINDINGS AND CONCLUSIONS -

The Unfair Insurance Practices Act, No. 205, Section 5(a)(1)(vi) defines "Unfair Methods of Competition" and "Unfair or Deceptive Acts or Practices" as "... Making, publishing, issuing or circulating any estimate, illustration, circular, statement, sales presentation, or comparison which: "... Is a misrepresentation for the purpose of inducing or tending to induce the lapse, forfeiture, exchange, conversion or surrender of any insurance policy".

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Section 637 of The Insurance Department Act prohibits misrepresentation of terms of policy and future dividends by agents, brokers, or solicitors. "No agent or solicitor of any insurance company, association, or exchange, and no insurance broker, shall issue, circulate, or use, or cause or permit to be issued, circulated or used, any written or oral statement or circular misrepresenting the terms of any policy issued or to be issued by such company, association, or exchange, or make an estimate, with intent to deceive, of the future dividends payable under such policy."

The referenced examples clearly demonstrate the noted pattern of sales practices and procedures used by MetLife sales representatives in utilizing sales illustrations based upon non-guaranteed projected values, and in many cases reinforcing the sales illustration values with cover letters containing misleading statements concerning the insurance policy being sold.

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REDACTED  
CONFIDENTIAL  
POLICYHOLDER  
INFORMATION

00001000

570

TO DIST: 44B

532

METROPOLITAN LIFE INSURANCE COMPANY  
SOUTHEASTERN HEAD OFFICE  
METROPOLITAN PLAZA  
TAMPA, FL 33607

INSURED  
AGE AND SEX 66-FEMALE NONSMOKER  
CLASSIFICATION PREFERRED

POLICY NUMBER 920000000000  
SPECIFIED FACE AMOUNT \$500,000  
OF INSURANCE  
PREMIUM MODE: ANNUAL

BASIC POLICY FLEXIBLE-PREMIUM LIFE - DEATH BENEFIT OPTION A

THE PROJECTED RESULTS OF YOUR INSURANCE PROGRAM WILL CHANGE WITH VARIATIONS IN THE INTEREST RATES, COST OF INSURANCE (RISK CHARGES), EXERCISE FACTORS, AND THE FREQUENCY, TIMING, AND AMOUNT OF YOUR PREMIUM PAYMENTS. READ YOUR POLICY AND THIS STATEMENT VERY CAREFULLY.

PROJECTED POLICY VALUES - ASSUMING NO LOANS AND NO PARTIAL CASH WITHDRAWALS, BUT TAKING ACCOUNT OF ANY OPTIONAL RIDERS LISTED ABOVE

END OF POLICY YEAR	PLANNED ANNUAL PREMIUM	GUARANTEED BASIS CASH VALUE*	DEATH BENEFIT	CURRENT BASIS CASH VALUE*	DEATH BENEFIT
1	\$12,730	\$0.00	\$500,000.00	\$0.00	\$500,000.00
2	\$12,730	\$988.73	\$500,000.00	\$7,098.22	\$500,000.00
3	\$12,730	\$4,995.50	\$500,000.00	\$17,823.92	\$500,000.00
4	\$12,730	\$8,892.82	\$500,000.00	\$29,583.92	\$500,000.00
5	\$12,730	\$11,509.70	\$500,000.00	\$41,292.42	\$500,000.00
10	\$12,730	\$17,820.01	\$500,000.00	\$105,082.54	\$500,000.00
20	\$12,730	\$22,196.63	\$500,000.00	\$222,196.63	\$500,000.00

INTEREST-ADJUSTED (5%) INDEXES

PER \$1000	GUARANTEED BASIS	CURRENT BASIS
	10 YEARS 20 YEARS	10 YEARS 20 YEARS
SURRENDER COST	25.18 N/A	9.55 12.65
NET PAYMENT COST	25.46 N/A	25.46 25.46

VALUES ON A CURRENT BASIS ARE CALCULATED USING MAY 1990 TERM INSURANCE RATES, THE PREMIUM MODE SHOWN AND THE CURRENTLY-DECLARED INTEREST RATE OF 7.45%. CREDITED TO AMOUNTS OVER \$1000 (THE GUARANTEED INTEREST OF 4% IS CREDITED TO THE FIRST \$1000 IN THE ACCUMULATION FUND.)

FOR POLICY LOANS THE EFFECTIVE ANNUAL INTEREST RATE IS 8% PAYABLE AT THE END OF THE POLICY YEAR.

INTENDED USE OF THE COST INDEXES IS EXPLAINED IN THE LIFE INSURANCE BUYER'S GUIDE.

\*ANY APPLICABLE WITHDRAWAL CHARGES AS SHOWN ON POLICY PAGE 4A HAVE BEEN DEDUCTED FROM THESE AMOUNTS.

PREPARED 03/16/92

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2020 Ardmore Boulevard, Suite 140, Pittsburgh, PA 15221  
Tel 412 351-3958

Richard Antonino  
Certified Financial Planner

Registered Representative  
President's Council  
Member, Hall of Fame  
Million Dollar Round Table  
Member



June 24, 1992

Dear Mr. [REDACTED]

Enclosed please find a summary of the non-qualified Executive Retirement Plan you have established for your daughter [REDACTED] with MetLife Insurance Company. In the event of your premature death, a portion of the proceeds from contract no. 872 246 232 UL will be used to pay-up [REDACTED] retirement program and the balance will be paid as previously designated by you.

Your minimum deposit into the base retirement plan for the next seven years is \$2,000 annually. Assuming you meet the scheduled deposits of \$2,000 annually into the base retirement plan for the next seven years, the contract will increase to a retirement benefit of \$151,908 at [REDACTED] age 65 and will provide an annual tax-free income of approximately \$6,295 for her entire lifetime. Your total investment is \$14,000 and [REDACTED] has the possibility to receive \$220,326 tax-free. In addition to these benefits, the plan provides a tax-free death benefit of \$375,991 at [REDACTED] age 65 to her beneficiary. This death benefit continues to increase after her age 65.

In the event of a disability, the Executive Retirement Plan is self-completing with no additional deposits necessary providing you remain disabled.

If you have any questions, please do not hesitate to call me at (412) 351-3958.

Sincerely,

*Richard Antonino*

Richard Antonino  
Financial Planner

RA:bp  
Enclosure



Richard Antonino  
Financial Planner



President's Council  
Member, Hall of Fame  
Million Dollar Round Table  
Member

2020 Ardmore Boulevard, Suite 140  
Pittsburgh, PA 15221  
Tel 412 351-3958

Registered Representative

Various life insurance and investment products offered through MetLife Insurance Company. Please contact your agent for more information.

Life, health, annuity, variable life insurance and variable annuities offered through MetLife Insurance Company.  
Auto, homeowner and other property and casualty products offered through MetLife Insurance Company.  
Financial Planning and Mutual Funds offered through MetLife Securities, Inc.

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REDACTED  
CONFIDENTIAL  
POLICYHOLDER  
INFORMATION



METROPOLITAN LIFE INSURANCE COMPANY

INSURED:

[REDACTED] /Owner

FACE AMOUNT  
OF INSURANCE:

\$230,317

POLICY NUMBER:

92 [REDACTED] PR

ISSUE DATE:

June 22, 1992

PLAN:

Life 95/Executive Retirement Plan

PREMIUM:

\$2000 Annually. This contract only has to be paid for 7 years and it will be eligible for the Accelerated Payment Plan with no future payments required by you. Your total investment of \$14,000 will increase to a retirement benefit of \$151,908 at [REDACTED] age 65 and will provide her a tax-free income of \$6,295 annually for her entire lifetime. In addition, the plan provides a tax-free death benefit of \$373,991 at [REDACTED] age 65 to her beneficiary.

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Metropolitan Life Insurance Company - Metropolitan Tower Life Insurance Company  
Metropolitan Insurance and Annuity Company - MetLife Securities, Inc.  
Home Office: New York, NY  
Metropolitan Property and Casualty Insurance Company  
Home Office: Hartford, CT

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## PENNSYLVANIA

PREPARED FOR [REDACTED]  
 PLAN: LIFE PAID UP AT 95

BY RICHARD ANTONINO

INSURED: CLASSIFICATION  
 PREFERRED NONSMOKER

AGE  
 24

SEX  
 FEMALE

AMOUNT OF INSURANCE  
 \$230,317

BASIC POLICY  
 DISABILITY WAIVER  
 TOTAL ANNUAL PREMIUM

ANNUAL PREMIUM YRS PAYABLE  
 \$1,951.63 71  
 \$48.17 41  
 \$2,000.00

ACCELERATED PAYMENT PLAN ILLUSTRATION  
 ANNUAL DIVIDENDS USED TO BUY PAID UP ADDITIONAL INSURANCE

THIS ILLUSTRATION ASSUMES THAT PREMIUMS FOR THE FIRST 10 YEARS WILL BE PAID IN CASH. THEREAFTER, PREMIUMS MAY BE PAID EACH YEAR THROUGH THE USE OF DIVIDENDS BY CANCELING A PORTION OF THE ADDITIONAL INSURANCE AND USING ITS CASH VALUE TOGETHER WITH THE CURRENT DIVIDEND, TO PAY THE PREMIUM. TO PUT THIS PAYMENT PLAN INTO EFFECT CONTACT YOUR SALES REPRESENTATIVE AT THAT TIME.

## SUMMARY FOR PERIOD SHOWN

	END OF 20 YEARS	AT AGE 65
TOTAL CASH OUTLAY **	\$14,000	\$14,000
GUARANTEED DEATH BENEFIT	230,317	230,317
ADDITIONAL INSURANCE PURCHASED BY DIVIDENDS	30,854	145,674
ILLUSTRATIVE DEATH BENEFIT	261,171	375,991
GUARANTEED CASH VALUE	25,565	87,520
CASH VALUE OF ADDITIONAL INSURANCE	6,154	64,388
ILLUSTRATIVE CASH VALUE	31,719	151,908
GUARANTEED MONTHLY LIFE INCOME - (10 YEARS CERTAIN)		462.98
ILLUSTRATIVE MONTHLY LIFE INCOME - (10 YEARS CERTAIN)		1,110.45
INTEREST-ADJUSTED 5% INDEXES (BASIC POLICY)	10 YRS	20 YRS
LIFE INSURANCE SURRENDER COMPARISON INDEX	\$1.86	\$5.33
EQUIVALENT LEVEL ANNUAL DIVIDEND - ANY TERM DIV	\$3.96	\$4.94

\*\* THE CASH OUTLAY ILLUSTRATED SHOWS THE RESULTS IF THE CURRENT DIVIDEND SCALE CONTINUES WITHOUT CHANGE. DIVIDENDS ARE NOT GUARANTEED AND MAY INCREASE OR DECREASE IN THE FUTURE. IF FUTURE DIVIDENDS DECREASE, IT IS POSSIBLE THAT THE CASH VALUE OF ADDITIONAL INSURANCE MAY NOT BE SUFFICIENT IN SOME FUTURE YEARS TO PAY THE FULL CURRENT PREMIUM AND SOME CASH OUTLAY MAY BE REQUIRED. IF PREMIUMS ARE MODAL, ANNUALIZED PREMIUM EQUALS THE MODAL PREMIUM TIMES NUMBER OF PAY PERIODS FOR YEAR. DIVIDENDS BASED ON JAN. 1992 SCALE THAT USES CURRENT INTEREST, MORTALITY AND EXPENSE RATES. ILLUSTRATIVE MONTHLY INCOME BASED ON DECEMBER 1991 SETTLEMENT OPTION RATES. ILLUSTRATIVE FIGURES ARE NOT GUARANTEES OR ESTIMATES FOR THE FUTURE.

INITIAL PREM: ANNUAL \$2,000.00; SEMIANN. \$1,079.15; COM \$181.35

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METROPOLITAN LIFE INSURANCE COMPANY

6/02/92

MetLife

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